FAXED 5/13/96

Jim McLean [redacted]
Do we want to look at Klein?
cc Dase Keeney
Roger

R J Reynolds Tobacco Company

Suspense 6-13-96 Did Jim McLean respond?

D. L. Wilmesher
Area Vice President - Sales
Northeast Sales Area

910-741-1281
Fax 910-741-4606

SENT VIA E-MAIL

May 10, 1996

TO: Account Executives
Regional Sales Managers

SUBJECT: Major Retail Chain Business Shifts - Impact on Wholesale Partners

As you are well aware, from time to time we have major shifts in business between Wholesale accounts due to large chains switching suppliers. This often leads to request for adjustments to Wholesale Partners.

The following outlines our broad guidelines for adjustment that must be adhered to consistently when requesting Partners adjustments through your area manager of operations.

We need to exercise good business judgment in each situation, and our intent is to address only major shifts in business. It is not to create a tracking system which turns into an administrative nightmare making adjustments for every minor shift in business.

I. Wholesaler/Direct Customer who acquired new business (major chain):

- SOM Tracking: The new business will be excluded from the SOM calculation since this share situation was never factored into the base numbers for Category II or III.

- Payments: The 3¢ in Category I will be paid on all volume including new business and the Category II & III rates per carton earned on share will be paid on all volume including newly acquired volume.

- Base SOM Numbers: Since we are excluding all newly acquired business from a "share" standpoint, in the performance tracking all original base share stay as is.

  For the next program period, all business (including the newly acquired business) will be used to set new base shares with a minimum of two months of new business included.

II. Wholesaler/Direct Customer who lost business (major chain):

- SOM Tracking: New bases must be established as if they never had the business. These new bases should be determined on a minimum of previous two months business prior to losing the chain.

51862 0543

Source: https://www.industrydocuments.ucsf.edu/docs/fppm0000

- Payments: The 3¢ in Category I will be paid on all volume sold during the program period including that to the lost chain prior to the business shift.

  Category II & III rate per carton earned will be paid on all volume shipped to retail during the program period.

- Base SOM Numbers: New bases for existing program is addressed at the bottom of the previous page.

  Bases for future program will be set on a minimum of two months of business without the lost chain.

Important:

Business shifts very early in a new Wholesale Partners Program period (first month) should result in nothing more than establishing new bases after the first two months of new shipping patterns for both directs involved.

Business shifts very late in the program (last month) may result in no changes for either direct on the current program. Setting bases for the new program, however, would be based on two full months or more of new business patterns.

Prior to making any commitments to your Direct Accounts you must submit to your area manager of operations your request for adjustments with all appropriate documentation. I will approve all adjustments prior to communication back to any accounts.

If you are requesting adjustments for one shift we will have a problem! Two Direct Accounts are involved in these major shifts and if you are not responsible for the other Direct involved please contact that RJR manager and orchestrate a joint request.

Regional managers should verbally cover this with managers responsible for Direct Accounts and not disseminate this document.

Should you have any questions, please contact your AMO or your Sales Area National Manager - Trade Marketing:

NESA - Scott Steen (#7149)
SSA - John Boehm (#2040)
WSA - Rich Pettorini (#1052)
MWSA - Bill Duffy (#5776)

Sincerely,

Dave Wilmesher Bryan Stockdale

0230DW/di
c: Scott Steen

51862 0544

Source: https://www.industrydocuments.ucsf.edu/docs/fppm0000

MESSAGE CONFIRMATION

DATE:05/13/96 TIME:11:12

ID:BFLO RJR

DATE	TIME	TX-TIME	DISTANT STATION ID	MODE	PAGES	RESULT
05/13	11:10	01'27"	6077547161	G3-S	002	OK

FAXED to: D. KEENEY
J. McLEAN

51862 0545

Source: https://www.industrydocuments.ucsf.edu/docs/fppm0000